



Fast Track Proposed Regulation Agency Background Document

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| Agency name | Department of Professional and Occupational Regulation |
| Virginia Administrative Code (VAC) citation | 18 VAC 120-40 |
| Regulation title | Professional Boxing and Wrestling Event Regulations |
| Action title | Amending |
| Document preparation date | August 5, 2005 |

This information is required for executive branch review and the Virginia Registrar of Regulations, pursuant to the Virginia Administrative Process Act (APA), Executive Orders 21 (2002) and 58 (1999), and the *Virginia Register Form, Style, and Procedure Manual*.

Brief summary

Please provide a brief summary (no more than 2 short paragraphs) of the proposed new regulation, proposed amendments to the existing regulation, or the regulation proposed to be repealed. Alert the reader to all substantive matters or changes.

The regulatory action will create two new categories of licensure:
Boxer – limited
Wrestler – limited

The proposed fee for the license will be \$30.00 compared to the \$40.00 fee to obtain a boxer or wrestler license that is good for one calendar year.

Statement of final agency action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

The Director of the Department of Professional and Occupational Regulation adopted this proposal to amend the Professional Boxing and Wrestling Event Regulations on August 5, 2005.

Legal basis

Please identify the state and/or federal legal authority to promulgate this proposed regulation, including (1) the most relevant law and/or regulation, including General Assembly chapter number(s), if applicable, and (2) promulgating entity, i.e., the agency, board, or person. Describe the scope of the legal authority and the extent to which the authority is mandatory or discretionary.

§ 54.1-113. (Callahan Act) Regulatory boards to adjust fees – Following the close of any biennium, when the account for any regulatory board within the Department of Professional and Occupational Regulation or the Department of Health Professions maintained under § 54.1-308 or § 54.1-2505 shows expenses allocated to it for the past biennium to be more than ten percent greater or less than moneys collected on behalf of the board, it shall revise the fees levied by it for certification or licensure and renewal thereof so that the fees are sufficient but not excessive to cover expenses.

§ 54.1-201.4 describes each regulatory board's power and duty to "levy and collect fees for the certification or licensure and renewal that are sufficient to cover all expenses for the administration and operation of the regulatory board and a proportionate share of the expenses of the Department..."

§ 54.1-304.3 describes the power and duty of the Director to "collect and account for all fees prescribed to be paid into each board and account for and deposit the moneys so collected into a special fund from which the expenses of the Board, regulatory boards, and the Department shall be paid..."

§ 54.1-308 provides for compensation of the Director, employees, and board members to be paid out of the total funds collected. This section also requires the Director to maintain a separate account for each board showing moneys collected on its behalf and expenses allocated to the board.

§ 54.1-831. Powers and duties of the Department – Provides that the Department shall administer and enforce the provisions of Chapter 8.1 (Boxing and Wrestling Events) and "shall have direct oversight of events to assure the safety and well-being of boxers and wrestlers." This section also gives the Director all powers of a regulatory board as contained in § 54.1-201, the power to promulgate regulations including the manner in which fees are to be accounted for and submitted to the Department, and the power to "charge each applicant for licensure and for renewals of licensure a nonrefundable fee subject to the provisions of § 54.1-113 and subdivision 4 of § 54.1-201."

Purpose

Please explain the need for the new or amended regulation. Describe the rationale or justification of the proposed regulatory action. Detail the specific reasons the regulation is essential to protect the health, safety or welfare of citizens. Discuss the goals of the proposal and the problems the proposal is intended to solve.

The purpose of the regulatory action is to create two new categories of licensure:

Boxer – limited

Wrestler – limited

The proposed fee for the license will be \$30.00 compared to the \$40.00 fee to obtain a boxer or wrestler license that is good from the date it is issued until the end of the calendar year.

Many individuals who participate in only one event per year in Virginia have inquired about a less expensive license. This can be accomplished without reducing revenues because it is estimated that individuals who are not currently participating will get a license and participate under the new structure.

Rationale for using fast track process

Please explain the rationale for using the fast track process in promulgating this regulation. Please note: If an objection to the use of the fast-track process is received within the 60-day public comment period from 10 or more persons, any member of the applicable standing committee of either house of the General Assembly or of the Joint Commission on Administrative Rules, the agency shall (i) file notice of the objection with the Registrar of Regulations for publication in the Virginia Register, and (ii) proceed with the normal promulgation process with the initial publication of the fast-track regulation serving as the Notice of Intended Regulatory Action.

The proposed change is being requested by the regulated community. There will be no impact on the public and no opposition is anticipated.

Substance

Please briefly identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. (Provide more detail about these changes in the “Detail of changes” section.)

Section 40 will be amended to permit the issuance of limited licenses to boxers or wrestlers that will expire at the end of a specifically identified event or two specifically identified events held on consecutive days at the same location. Section 50 will be amended to add a license fee for a “boxer – limited” license and a “wrestler – limited” license.

Issues

Please identify the issues associated with the proposed regulatory action, including:

- 1) the primary advantages and disadvantages to the public, such as individual private citizens or businesses, of implementing the new or amended provisions;*
- 2) the primary advantages and disadvantages to the agency or the Commonwealth; and*
- 3) other pertinent matters of interest to the regulated community, government officials, and the public.*

If there are no disadvantages to the public or the Commonwealth, please indicate.

The regulated community will benefit from the proposed change by being permitted to obtain a less expensive license to participate on a limited basis. There are no disadvantages to the regulated community.

There are no other known advantages or disadvantages to public, the agency or the Commonwealth.

Economic impact

Please identify the anticipated economic impact of the proposed regulation.

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| Projected cost to the state to implement and | One-Time: There are no one-time costs associated |
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| enforce the proposed regulation, including (a) fund source / fund detail, and (b) a delineation of one-time versus on-going expenditures | with the proposed regulations. Ongoing: There are no ongoing costs associated with the proposed regulations. |
| Projected cost of the regulation on localities | None anticipated. |
| Description of the individuals, businesses or other entities likely to be affected by the regulation | Boxers, Wrestlers, Promoters and others engaged in boxing and wrestling events. |
| Agency's best estimate of the number of such entities that will be affected. Please include an estimate of the number of small businesses affected. Small business means a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million. | See table below. The majority of licensed promoters are small businesses. Promoters will pay reduced fees for participants in a specific event or, in situations where the participants pay the license fee, the promoter will be in a better position to attract participants to their events due to the decreased cost of obtaining a license. |
| All projected costs of the regulation for affected individuals, businesses, or other entities. Please be specific. Be sure to include the projected reporting, recordkeeping, and other administrative costs required for compliance by small businesses. | There are no increased costs associated with this regulatory action. |

**Boxing and Wrestling
Fee Analysis with Single Event License
Prepared: July 15, 2005**

| Regulant (Number per Year) | Current Fees | | Fees Effective August 2005 | | Proposal with 7/2005 Changes (Single Event License) | | Revenue Projection with Effects of 210 Loss Participants, 2 Promoters & Reduced Gate Fees | |
|--------------------------------------|--------------|------------------------|----------------------------|-------------------------|---|-------------------------|---|-------------------------|
| | Current Fees | Current Annual Revenue | 08/01/05 Fees | Proposed Annual Revenue | Proposed Fees | Proposed Annual Revenue | Proposed Fees | Proposed Annual Revenue |
| Boxer (450) (450) (240) (240) | \$20 | 9,000 | \$40 | 18,000 | \$40 | 9,600 | \$40 | 9,600 |
| Wrestler (510) | \$20 | 10,200 | \$40 | 20,400 | \$40 | 20,400 | \$40 | 20,400 |
| Trainer, 2nd Cutman (130) | \$20 | 2,600 | \$40 | 5,200 | \$40 | 5,200 | \$40 | 5,200 |
| Matchmaker (1) | \$50 | 50 | \$50 | 50 | \$50 | 50 | \$50 | 50 |
| Manager (7) | \$30 | 210 | \$40 | 280 | \$40 | 280 | \$40 | 280 |
| Promoter (20) (20) (20) (18) | \$300 | 6,000 | \$500 | 10,000 | \$500 | 10,000 | \$500 | 9,000 |
| Wrestling Event (100) | \$75 | 7,500 | \$125 | 12,500 | \$125 | 12,500 | \$125 | 12,500 |
| Single Event (210) | | | | | \$30 | 6,300 | | |
| Boxing Event (42 rounds or less) (6) | \$1,000 | 6,000 | \$1,500 | 9,000 | \$1,500 | 9,000 | \$1,500 | 9,000 |
| Boxing Event (42 + rounds) (1) | \$2,000 | 2,000 | \$2,000 | 2,000 | \$2,000 | 2,000 | \$2,000 | 2,000 |
| Revenue without Gate Fees | | \$43,560 | | \$77,430 | | \$75,330 | | \$68,030 |

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| Gate Fees (5% \$100,000/ 2 1/2% \$100,000+) | 60,000 | 60,000 | 60,000 | 50,000 |
| Total Projected Revenue | <u>\$103,560</u> | <u>\$137,430</u> | <u>\$135,330</u> | <u>\$118,030</u> |
| <i>Note: Number per year based on 12/31/02 record count (2002 calendar year)</i> | | | <i>Assumptions: Boxer #'s Reduced by 210; Added Single Event License for 210 Boxers (Net Result - \$2,100 Loss Annual Revenue)</i> | <i>Assumptions: Boxer #'s reduced by 210; Promoter #'s reduced by 2; \$10,00 Reduction in Gate Fees (Net Result - \$19,400 Loss Annual Revenue)</i> |
| Revenue Carried Forward (7/1/2005) | 44,333 | 44,333 | 44,333 | 44,333 |
| Projected Revenue | 103,560 | 137,430 | 135,330 | 118,030 |
| Projected Expenditures (FY06 Budget) | (125,000) | (125,000) | (125,000) | (125,000) |
| Projected Year End Balance - FY06 | \$22,893 | \$56,763 | \$54,663 | \$37,363 |
| Revenue Balance as % of Expenditures | 18.31% | 45.41% | 43.73% | 29.89% |

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| Revenue Carried Forward (7/1/2006) | 22,893 | 56,763 | 54,663 | 37,363 |
| Projected Revenue | 103,560 | 137,430 | 135,330 | 118,030 |
| Projected Expenditures (FY07 Budget) | (130,000) | (130,000) | (130,000) | (130,000) |
| Projected Year End Balance - FY07 | (\$3,547) | \$64,193 | \$59,993 | \$25,393 |
| Revenue Balance as % of Expenditures | -2.73% | 49.38% | 46.15% | 19.53% |

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| Revenue Carried Forward (7/1/2007) | (3,547) | 64,193 | 59,993 | 25,393 |
| Projected Revenue | 103,560 | 137,430 | 135,330 | 118,030 |
| Projected Expenditures (FY08 Budget) | (135,000) | (135,000) | (135,000) | (135,000) |
| Projected Year End Balance - FY08 | (\$34,987) | \$66,623 | \$60,323 | \$8,423 |
| Revenue Balance as % of Expenditures | -25.92% | 49.35% | 44.68% | 6.24% |

Note1: for projection purposes, a 4% increase per year was calculated for expenditures

Note2: for projection purposes, no increase or decrease was calculated for revenue

Alternatives

Please describe any viable alternatives to the proposal considered and the rationale used by the agency to select the least burdensome or intrusive alternative that meets the essential purpose of the action.

Keep the current requirement for a \$40 license in place, thus requiring participants who wish to participate in only one event per year in Virginia to pay for a license for the full year.

Family impact

Please assess the impact of the proposed regulatory action on the institution of the family and family stability.

The proposed changes are expected to have no impact on families.

Detail of changes

Please detail all changes that are being proposed and the consequences of the proposed changes. Detail all new provisions and/or all changes to existing sections.

If the proposed regulation is intended to replace an emergency regulation, please list separately (1) all changes between the pre-emergency regulation and the proposed regulation, and (2) only changes made since the publication of the emergency regulation.

For changes to existing regulations, use this chart:

| Current section number | Proposed new section number, if applicable | Current requirement | Proposed change and rationale |
|-------------------------------|---|--|--|
| 40 | | Boxer and Wrestler licenses expire at the end of the calendar year in which they are issued. | The proposal permits limited licenses to be issued. The license is valid only for the duration of a specifically identified event or two specifically identified events held on consecutive days at the same location. |
| 50 | | None | The proposal adds two new categories of licensure with a \$30 fee: a “boxer – limited” license and a “wrestler – limited” license. |